

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – SEPTEMBER 28, 2005

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Steven Slovenski, Legal Counsel; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Doreen Wittenberg, Business Supervisor; Administrative Services. **Guests:** Al Picconi, Southern Wine & Spirits of N.E., Inc.; Michael Goclowski, Law Warehouses.

EXCUSED: Craig Bulkley, Bureau Chief of Administrative Services.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Sales for the week ending September 25, 2005 were up 2.29% or \$164,393, as they were year-to-date by 4.05% or \$4,101,625.

B. Budget/Administrative Reports:

The current Expense Budget Activity Variance Report shows the year to be at about 21.3% expired, with agency expenditures at around 21.4% of the budget.

The KPMG auditors have now left the building with no major issues to be addressed. They will be getting back to the Commission with an audit report.

Snow plowing contracts for several stores have again been sent out to bid after being advertised in local newspapers. Some of the names of potential contractors were obtained from the Department of Safety.

The Indirect Cost Recovery Plan was submitted to Administrative Services yesterday. George is working on statistics and projections for the Governor's energy analysis report which is due to be turned in this Friday. He will be meeting with the Bureau Chiefs at 2:00 p.m. today to discuss alternative measures, which will then be presented to the Commission.

A full car fleet inventory is planned for October 4th, which will be assisted by Paul Cote. A report will be forwarded to the Commission.

Commissioner Russell inquired as to the status of a bill for HVAC in the Keene store involving Public Works at a cost of \$17,000. George explained

that the information received by the Commission are high level summaries which do not show detailed invoices. Commissioner Russell asked for a complete list in writing of what bills have been paid for the Keen relocation, which need to be paid, and where the payments went.

2. IT Report

IT continues to work on the purchase allowance program, and Martignetti Companies is expected to contribute some information this week.

The payment card program has a security standard to adhere to. IT is working on resolving some encrypting issues which are causing problems. “Piggy backing” issues are also being resolved. Howard said more encrypting needs to be done at the store level.

A flexible system is being developed to accommodate Peter’s request for a version of the customer survey on the web, which will probably be ready in about ten days.

John Bunnell commented that the disaster recovery back-up system seems to be working, although it does generate a lot of noise. Howard said everything is ready but the communications aspect, which is being worked on. In another week or so he expects to be able to run the first remote test.

Mike Goclowski mentioned that the N.H. Grocers annual convention will be held at the Wayfarer in Bedford this afternoon. He also said that the transfer of information between Law and the Commission was successful.

3. Human Resources Report: No report given.

II. MARKETING & SALES REPORT

1. Store Operations

Total sales for the week ending 9/25/05 were up by .79% or \$44,854.23. Keene is still experiencing a large increase each week.

The final move to the new Glen location is taking place today, and the store will hopefully open by this afternoon.

Peter reported that there have already been over 68,000 entries in the “Awesome Autumn” promotion taking place in the stores.

All stores are now in the middle of the quarterly inventory process.

John Bunnell mentioned that the Commission now has cash register equipment for the potential Campton location.

2. Purchasing Report

Marketing is working closely with the brokers regarding out-of-stocks, which are higher than they have been in some time. Diageo is experiencing problems with Seagram's V.O. and some of their other brands.

3. Merchandising Report

A. SPIRITS:

1) Thanksgiving Sale:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all spirit items submitted for the Thanksgiving Sale, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Test Market Results (Code #8089):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the delisting of Code #8089, Matador Blanco Tequila, 1.75L size, as this item failed to achieve both the gross profits required for full distribution and specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Line Extension Request (1800 Reposado Tequila, 1.75L):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Skyy Spirits for a line extension to 1800 Reposado Tequila, 1.75L size (assigned new Code #8474), as this item in the 750ML size has achieved the gross profit required for an added size, and to approve the delisting of Code #8476, 375ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Purchase and Display Request (Bowmore Scotch):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission table a request from Horizon Beverage Company/

White Rock Distillers to purchase and display four codes of Bowmore Scotch from November 15, 2005 through January 1, 2006, pending further discussion. The motion was unanimously adopted.

5) November – December Programs:

a. Bacardi November & December Program:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Bacardi USA to conduct a “Best of All” holiday sweepstakes during November and December 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Allied Domecq October, November & December Program:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Allied Domecq to conduct a gift card promotion in conjunction with Kahlua, Stolichnaya, Malibu and Beefeater products during October, November and December 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Allied Domecq October, November & December Program:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Allied Domecq to conduct an “Escape to the Sun or Snow” sweepstakes in conjunction with Canadian Club and Sauza Tequila products during October, November and December 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) November Special Offers:

a. 7 items – Executive Wine & Spirits/Martignetti Cos.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive

Wine & Spirits/Martignetti Companies of N.H., based upon depletions for seven (7) spirit items, to be featured on sale during November 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 144 items – So. Wine & Spirits of N.E., Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Southern Wine & Spirits of New England, Inc., based upon depletions for one hundred forty-four (144) spirit items and thirteen (13) additional on-pack items, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales.

B. WINES:

- 1) Special Offers for November 2005 (Thanksgiving Day):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve eleven (11) wine items to be featured during the Thanksgiving Sale for November 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Special Offers for November 2005:

- a. 13 items – Charles Zoulias:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Charles Zoulias, based upon depletions/special purchase allowances for thirteen (13) wine items, to be featured on sale during November 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 31 items – M.S. Walker, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker, Inc., based upon depletions/special purchase allowances for thirty-one (31) wine items, to be featured on sale during November 2005, as recommended by Nicole Brassard, Wine Marketing Specialist

and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 53 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions/special purchase allowances for fifty-three (3) wine items, to be featured on sale during November 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 120 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions/special purchase allowances for one hundred twenty (120) wine items, to be featured on sale during November 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. 73 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions/special purchase allowances for seventy-three (73) wine items, to be featured on sale during November 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. 143 items – So. Wine & Spirits of N.E., Inc.

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Southern Wine & Spirits of New England, Inc., based upon depletions/special purchase allowances for one hundred forty-three (143) wine items, to be featured on sale during November 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Special Offers for November and December 2005:

a. 6 items – So. Wine & Spirits of N.E., Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Southern Wine & Spirits of New England, Inc., based upon depletions/special purchase allowances for six (6) Diageo/Schieffelin wine items, to be featured on sale during November and December 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 8 items – So. Wine & Spirits of N.E., Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Southern Wine & Spirits of New England, Inc., based upon depletions/special purchase allowances for eight (8) Sterling/BV Coastal wine items, to be featured on sale during November and December 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 7 items – So. Wine & Spirits of N.E., Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Southern Wine & Spirits of New England, Inc., based upon depletions for seven (7) Connoisseur wine items, to be featured on sale during November and December 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Change to Proposed Wine Tastings (SWSNE, Inc.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of New England, Inc./Connoisseur Wine Company to change the date for previously approved in-store wine tastings from Friday, October 7 to Thursday, October 6, 2005 from 3:00 to 6:00 p.m., as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Appeal on Delist of Second Sizes:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny an appeal from Southern Wine & Spirits of New England, Inc./Constellation Wine Company to the delisting of Code #6214, Taylor Red Port, 3L size, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Purchase and Introduction/Distribution:

a. Purchase and Distribution of Las Brisas:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from M.S. Walker, NH/Jorge Ordonez to distribute Code #52691, Las Brisas by placement of three bottle absolutes, with no additional purchase by the Commission, into selected store locations during November and December 2005. The motion was unanimously adopted.

b. Purchase and Introduction of Stonehaven:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from Horizon Beverage Company/Banfi Vintners to purchase and introduce three Stonehaven varietal wines in selected store locations during November 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Purchase and Distribution of Voga Pinot Grigio:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from M.S. Walker, NH/AV Imports to purchase and distribute Code #42579, Voga Pinot Grigio, 750ML size to selected store locations during November and December 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) “An Invitation to Save”:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Southern Wine & Spirits of N.E.

to conduct “An Invitation to Save” promotion involving twenty wine codes during November and December 2005, including in-store events at designated stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) Sweepstakes:

a. Holiday Stocking Stuffer Sale & Sweepstakes:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from M.S. Walker, N.H. to conduct a “Holiday Stocking Stuffer” sale and sweepstakes promotion during November and December 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Build Your Own Wine Cellar Sweepstakes:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of New England, Inc. to conduct a “Build Your Own Wine Cellar” sale and sweepstakes promotion during November and December 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

9) Recommended Allocated Wines for Distribution to Selected Stores (13 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve thirteen (13) allocated wines for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

10) Recommended Allocated Wines with Subpacks for Distribution to Selected Stores (4 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve four (4) allocated wines with subpacks for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 11) Primary Source Submissions (5 exclusive agent; 47 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of five (5) wine codes which are offered by the exclusive marketing agent and forty-seven (47) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 12) Tabled Items:

- a. Purchase & Introduction of Folonari Shiraz & Chianti (9/14/05, Item B-2-c): Item remained on the table.

III. ENFORCEMENT & LICENSING REPORT – No report given.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests from bailment releases/transfers dated September 22 through September 28, 2005. The motion was unanimously adopted.

2. Coupon Approvals:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed coupon (pad, necker and consumer offer) requests effective for the month of October 2005. The motion was unanimously adopted.

3. Late Items/Other: None.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

/D. Hartford

Patricia T. Russell, Commissioner

